

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Concord Township	County Jackson
Audit Date June 30, 2005	Opinion Date August 3, 2005	Date Accountant Report Submitted to State: September 22, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

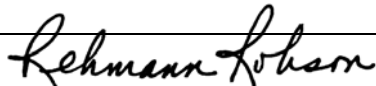
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

CONCORD TOWNSHIP

Concord, Michigan

FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2005**



REHMANN ROBSON

Certified Public Accountants

CONCORD TOWNSHIP

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

August 3, 2005

Board of Trustees
Township of Concord
Concord, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Concord Township, Michigan*** as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Concord Township, Michigan as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV.C., the Township adopted the provisions of Governmental Accounting Standards Board Statement Nos. 34, 37 and 38 and GASB Interpretation 6 as of and for the year ended June 30, 2005. This results in a change in the format and content of the basic financial statements.

The Township has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, prominent initial 'L'.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Concord Township
Statement of Net Assets - Governmental Activities
June 30, 2005

Assets

Cash and cash equivalents	\$ 248,033
Investments	14,096
Receivables	16,151
Capital assets not being depreciated	<u>13,000</u>
 Total assets	 <u>291,280</u>

Net assets

Invested in capital assets	13,000
Restricted for cemetery endowment:	
Nonexpendable	14,400
Expendable	4,764
Unrestricted	<u>259,116</u>
 Total net assets	 <u><u>\$ 291,280</u></u>

The accompanying notes are an integral part of these financial statements.

Concord Township
Statement of Activities - Governmental Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government - governmental activities				
Legislative	\$ 11,458	\$ -	\$ -	\$ (11,458)
General government	117,642	55,586	970	(61,086)
Public safety	98,546	-	-	(98,546)
Public works	57,206	-	-	(57,206)
Planning	12,221	-	-	(12,221)
Total primary government	<u>\$ 297,073</u>	<u>\$ 55,586</u>	<u>\$ 970</u>	(240,517)
General revenues:				
Property taxes				130,778
State shared revenue				106,135
Unrestricted investment earnings				5,484
Total general revenues				242,397
Change in net assets				1,880
Net assets, beginning of year, as restated				289,400
Net assets, end of year				\$ 291,280

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Concord Township
Balance Sheet
Governmental Funds
June 30, 2005**

	<u>General</u>	<u>Permanent Fund- Cemetery</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 228,869	\$ 19,164	\$ 248,033
Investments	14,096	-	14,096
Due from other governments	16,151	-	16,151
	<u>259,116</u>	<u>-</u>	<u>16,151</u>
<u>TOTAL ASSETS</u>	<u>\$ 259,116</u>	<u>\$ 19,164</u>	<u>\$ 278,280</u>
<u>FUND BALANCES</u>			
Fund balances			
Reserved for chapel maintenance	-	\$ 14,400	\$ 14,400
Unreserved - undesignated	259,116	4,764	263,880
	<u>259,116</u>	<u>4,764</u>	<u>263,880</u>
<u>TOTAL FUND BALANCES</u>	<u>\$ 259,116</u>	<u>\$ 19,164</u>	<u>\$ 278,280</u>

The accompanying notes are an integral part of these financial statements.

Concord Township
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2005

Fund balances - total governmental funds	\$ 278,280
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	75,944
Deduct: accumulated depreciation	<u>(62,944)</u>

Net assets of governmental activities	<u><u>\$ 291,280</u></u>
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The accompanying notes are an integral part of these financial statements.

Concord Township
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	<u>General</u>	<u>Permanent Fund- Cemetery</u>	<u>Total</u>
Revenue			
Taxes	\$ 130,778	\$ -	\$ 130,778
Licenses and permits	17,677	-	17,677
State shared revenue	106,135	-	106,135
Interest and other revenue	44,363	-	44,363
	<u>298,953</u>	<u>-</u>	<u>298,953</u>
Expenditures			
Current:			
Legislative	11,458	-	11,458
General government	69,547	-	69,547
Public safety	110,767	-	110,767
Public works	57,206	-	57,206
Other	48,095	-	48,095
	<u>297,073</u>	<u>-</u>	<u>297,073</u>
Total expenditures	<u>297,073</u>	<u>-</u>	<u>297,073</u>
Net changes in fund balance	1,880	-	1,880
Fund balances, beginning of year	<u>257,236</u>	<u>19,164</u>	<u>276,400</u>
Fund balances, end of year	<u><u>\$ 259,116</u></u>	<u><u>\$ 19,164</u></u>	<u><u>\$ 278,280</u></u>

The accompanying notes are an integral part of these financial statements.

Concord Township
Statement of Revenue, Expenditures, and Changes
in Fund Balance - Amended Budget and Actual
General Fund
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenue				
Taxes:				
Current property tax	\$ 51,560	\$ 52,360	\$ 52,275	\$ (85)
Road millage	58,000	59,300	59,260	(40)
Administration fees	18,200	19,100	19,243	143
Total taxes	<u>127,760</u>	<u>130,760</u>	<u>130,778</u>	<u>18</u>
Licenses and permits:				
Business licenses	9,000	13,000	15,482	2,482
Other licenses and permits	-	-	2,195	2,195
Total licenses and permits	<u>9,000</u>	<u>13,000</u>	<u>17,677</u>	<u>4,677</u>
State shared revenue	<u>108,130</u>	<u>109,384</u>	<u>106,135</u>	<u>(3,249)</u>
Other revenue:				
Cemetery fees	17,000	19,000	29,133	10,133
Fines and forfeits	3,200	4,000	4,541	541
Interest revenue	2,075	3,075	5,484	2,409
Other revenue	8,600	8,735	5,205	(3,530)
Total other revenue	<u>30,875</u>	<u>34,810</u>	<u>44,363</u>	<u>9,553</u>
Total revenue	<u>275,765</u>	<u>287,954</u>	<u>298,953</u>	<u>10,999</u>
Expenditures				
Legislative	<u>14,500</u>	<u>13,500</u>	<u>11,458</u>	<u>2,042</u>
General Government:				
Township Supervisor	7,722	9,222	7,931	1,291
Elections	3,000	5,000	4,882	118
Assessor	14,478	15,200	14,044	1,156
Township Clerk	17,300	21,000	20,855	145
Board of Review	1,000	1,000	775	225
Treasurer	18,300	21,100	21,060	40
Total general government	<u>61,800</u>	<u>72,522</u>	<u>69,547</u>	<u>2,975</u>
Public Safety:				
Police	50,000	47,000	46,355	645
Fire	44,000	52,500	52,191	309
Planning Commission	10,500	13,000	12,221	779
Total public safety	<u>104,500</u>	<u>112,500</u>	<u>110,767</u>	<u>1,733</u>
Public Works - Streets and Roads	<u>58,100</u>	<u>58,100</u>	<u>57,206</u>	<u>894</u>
Other:				
Cemetery	27,500	48,000	47,789	211
Professional services	1,000	500	306	194
Total other	<u>28,500</u>	<u>48,500</u>	<u>48,095</u>	<u>405</u>
Total expenditures	<u>267,400</u>	<u>305,122</u>	<u>297,073</u>	<u>7,855</u>
Net changes in fund balance	8,365	(17,168)	1,880	3,144
Fund balance, beginning of year	<u>257,236</u>	<u>257,236</u>	<u>257,236</u>	<u>-</u>
Fund balance, end of year	<u>\$ 265,601</u>	<u>\$ 240,068</u>	<u>\$ 259,116</u>	<u>\$ 19,048</u>

The accompanying notes are an integral part of these financial statements.

Concord Township
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2005

	<u>Current Tax Collections</u>
Assets	
Cash and cash equivalents	\$ -
	<u> </u>
Fund Balance	
Reserved	\$ -
Unreserved - undesignated	-
	<u> </u>
Total Fund Balance	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Concord Township (the “government” or “Township”) is a municipal corporation governed by an elected supervisor and a four-member board. The Township has adopted the position of the Governmental Accounting Standards Board (GASB) Statement #14 regarding the definition of reporting entity and has determined that no entities should be consolidated into the financial statements as component units. The criteria for including a component unit include significant operational or financial relationships with the government.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the respective fund financial statements.

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *cemetery permanent fund* accounts for expendable and nonexpendable resources of the cemetery trust.

Additionally, the government reports the following fund types:

The *agency fund* accounts for assets held for other governments in an agency capacity.

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, liabilities and net assets/equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), if any, are reported in the applicable governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Equipment	5-15

4. *Compensated absences*

The Township's employees are all part-time and are not entitled to any paid vacation or sick leave. Therefore, compensated absences are not accrued in the accompanying financial statements.

5. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted at the functional level for all governmental fund types each fiscal year on a basis consistent with generally accepted accounting principles. The government's final budget must be prepared and adopted prior to July 1st of each year.

Reported budgeted amounts are as originally adopted or as amended by the Township Board. The legal level of budgetary control is the activity level.

The government does not utilize encumbrance accounting.

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At year end, the carrying amount of deposits for the government was \$248,033. The combined bank balance was \$248,099. Of the bank balance, \$119,164 was covered by federal depository insurance. The remaining balance of \$128,935 was uninsured and uncollateralized.

The government believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the government evaluates each financial institution with which it deposits government funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

The Township's investment balances at year end, which were all uncategorized and stated at fair value, were as follows:

	Fair Value/ Carrying <u>Amount</u>
Investments not subject to categorization:	
Governmental cash management fund	<u>\$ 14,096</u>

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

A reconciliation of cash and investments as shown on the Statement of Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Assets:

Cash and cash equivalents	\$ 248,033
Investments	<u>14,096</u>
	<u>\$ 262,129</u>

Classification of Deposit and Investments:

Bank deposits (checking accounts, savings accounts and CDs)	\$ 248,033
Governmental cash management fund	<u>14,096</u>
	<u>\$ 262,129</u>

B. Receivables

Receivables as of year end are composed entirely of amounts due from other governments.

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

C. Capital assets

Capital assets activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Capital assets being depreciated:				
Office equipment	942	-	-	942
Machinery and equipment	29,002	-	-	29,002
Buildings	33,000	-	-	33,000
Total capital assets being depreciated	62,944	-	-	62,944
Less accumulated depreciation for:				
Office equipment	942	-	-	942
Machinery and equipment	29,002	-	-	29,002
Buildings	33,000	-	-	33,000
Total accumulated depreciation	62,944	-	-	62,944
Total capital assets being depreciated, net	-	-	-	-
Governmental activities capital assets, net	\$ 13,000	\$ -	\$ -	\$ 13,000

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

IV. OTHER INFORMATION

A. Property taxes

Real and personal property taxes are recorded as revenue in the year for which they are levied, provided they are collectible during that year or within 60 days following that year's end. Property tax revenues shown in the General Fund reflect the 2004 Township operating and road levies of .8623 mills and .9775 mills, respectively, on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the County and are equalized by the State at an estimated 50% of current market value or \$59,897,299. The 2004 levy became a lien on properties on December 1, 2004, and was substantially collected in early 2005.

B. Pension Plan

The Township's employees are all part-time and are not entitled to any retirement benefits.

C. Restatements

As of and for the year ended June 30, 2005, the Township implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*
- No. 38 – *Certain Financial Statement Note Disclosures*

Interpretation

- No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures In Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The Township is required to implement the new requirements no later than the fiscal year ending June 30, 2005.

CONCORD TOWNSHIP, MICHIGAN

Notes To Financial Statements

The more significant of the changes required by the new standards include:

- Management's discussion and analysis;
- Basic financial statements that include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
 - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
 - Schedules to reconcile the fund financial statements to the government-wide financial statements;
 - Notes to the basic financial statements;
- Required supplementary information, including certain budgetary schedules.

As a result of implementing these pronouncements for the fiscal year ended June 30, 2005, the following restatements were made to beginning net assets:

Government-wide financial statements. Beginning net assets for governmental activities was determined as follows:

Fund balance of the general fund as of 6/30/04	\$ 257,236
Fund balance of the cemetery trust fund as of 6/30/04	19,164
Add: governmental capital assets as of 6/30/04	75,944
Deduct: accumulated depreciation as of 6/30/04 on above governmental capital assets	<u>(62,944)</u>
Governmental net assets, restated, as of 7/1/04	<u>\$ 289,400</u>

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



August 3, 2005

To the Board of the
Concord Township
Concord, Michigan

We have audited the financial statements of **Concord Township** for the year ended June 30, 2005, and have issued our report thereon dated August 3, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated July 5, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Concord Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Concord Township are described in Note 1 to the financial statements.

As described in Note 4-C to the basic financial statements, in 2005, the Concord Township changed accounting policies related to the new financial reporting requirements for all state and local governments, by adopting Statements of Governmental Accounting Standards (GASB Statements) No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, No. 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38 – *Certain Financial Statement Note Disclosures*. The cumulative effect of implementing these new standards resulted in the creation of a new category of equity, referred to as “net assets”.

We noted no transactions entered into by Concord Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable fixed assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Concord Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Concord Township, either individually or in the aggregate, indicate matters that could have a significant effect on Concord Township's financial reporting process.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Concord Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter is intended for the use of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

Concord Township
Schedule of Adjustments Passed (SOAP)
For the June 30, 2005 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

Effect of Passed Adjustment - Over (Under) Statement				
Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
General Fund				
Understatement of Expenditures	1,000			1,000
Understatement of Investment value	(429)	-	(429)	-